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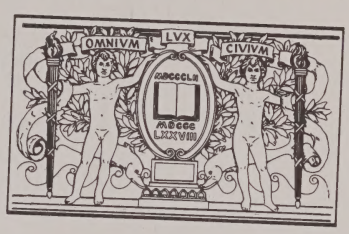

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A BRIEF NOTE ON COMPARATIVE WAGE LEVELS IN THE CITY OF BOSTON, THE METRO AREA AND THE STATE 1980-1987

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Recent employment and wage information indicate that average annual wages have been consistently higher in the city of Boston than in the Boston metropolitan area and the state in each of the years from 1980 through 1987. This would seem to contradict the notion that Boston, with its relative concentration of employment in a broad range of services activity, would have relatively low average wages. Except for manufacturing, wholesale trade, and local government, Boston wages were higher for all major industry types.

The attached tables present the latest available annual data. For the major industry types, Table 1 shows the average annual wages by industry, 1980 through 1987, for the city of Boston, the Boston metro area, and Massachusetts. In 1987 in Boston, workers in finance/insurance/real estate were paid the highest average annual wages ($35,651), followed by employees in transportation/communications/public utilities ($32,232) and construction ($31,775). The workers in retail trade were paid the least ($14,060), while employees in services ($23,745) and local government ($21,682) were below the citywide average for all industries ($26,240). Lower average wages in retail trade and some services reflect the greater incidence of part-time work in those sectors. In addition, tips for retail and services workers are not included in the wage data.

In the Boston metro area in 1987, workers in wholesale trade had the highest average annual wages ($31,066), followed by employees in finance/insurance/real estate ($30,551) and manufacturing ($30,263). The Boston metro area average for all industries was $24,486. Massachusetts showed a similar pattern among industry types in 1987, but at somewhat lower wage levels than the city and the metro area.

A comparison between the city, metro area, and state is presented as the ratio of average annual wages in the city of Boston to the Boston metro area and to the state. See Table 2. For all industries combined, Boston's wage level is 7 percent greater than that in the metro area and 17 percent greater that the average state level. The explanation of the wage differential is probably found in the city's mix of industries and occupations within industries. Apparently, workplaces in the city tend to have higher grade jobs than workplaces elsewhere in the state. Employers in the city may pay more than a suburban employer for the same job, but the available data reveal neither differentials in pay for the same job in different locations, nor comparative weights of such pay differentials versus differences in the mix of industries and occupations by location. Unfortunately, wage surveys by occupation for the city of Boston are not available, and occupational detail by industry type is not available for any geography within the state.

Compared to the metro area, the city's higher wages in transportation/public utilities/communications (11 percent), finance/insurance/real estate (17 percent), retail trade (3 percent), and services (3 percent), may be explained in part by the concentration of corporate headquarters, major business branches, and executive offices in the city. Workplaces in the city would have relatively more executives, managers and officials than workplaces in suburban locations. In banking, for example, a suburban branch would have mostly tellers and clerical workers, while a downtown bank office would have more of the higher-paid loan officers and financial analysts. Services include physicians at Boston's large hospitals, lawyers, architects, consultants, engineers, and other professional workers. Services in Boston's suburbs would likely include relatively more personal services and less of the best-paying service jobs.

Looking across the years, 1980-1987, the most striking trend is the lack of growth in average wages in the local government sector in Boston. See Table 1. While local government employment fell by about 25 percent during those years, the average wage increased by merely $1,500 to ($21,682). Taking inflation, 42 percent over the period, into account, the average pay fell by nearly $7,000 in constant 1987 dollars, or 24 percent. Furthermore, the local government workers in the city lost ground compared to the Boston metro area, and the state. See Table 2. In 1980, local government workers in Boston had a 25 percent wage advantage over local government workers in the metro area; by 1984 average wages for local government workers were about the same in the city and the metro area, and by 1987 the city workers were 4 percent below the metro area.

Other trends include a growing differential between the city and the metro area in the finance industries. Average annual wages in finance/insurance/real estate were 12 percent above the metro average in 1980, and 17 percent above the metro rate in 1987. Retail trade and services had increased their margins from 1980 to 1984 to 10 percent and 8 percent, respectively, but the differentials fell to 3 percent in both sectors by 1987.

Adjusting for inflation, average annual wages in Boston increased over the seven-year period in all major industries except local government, as described above. See Table 3. The greatest absolute increase was $9,500 in the finance industries. State government workers in the city saw their average annual wage increase by $6,500 between 1980 and 1987. On a percent change basis, inflation-adjusted average annual wages increased 36 percent in the finance industries, 31 percent for state government, 25 percent in services, and 19 percent in manufacturing. Other major industrial divisions in the city had real wages increase around 10 percent or less.

Table 1. Average Annual Wage by Major Industry,
Boston, the Metro Area and the State, 1980-1987

(in Dollars)

City of Boston	1980	1981	1982	1983	1984	1985	1986	1987
All	15,827	17,186	18,811	20,051	21,284	22,721	24,305	26,240
Government								
Federal	20,125	22,854	24,580	25,727	27,232	28,420	28,530	28,981
State	14,990	15,908	18,941	20,063	22,548	24,714	26,214	27,825
Local	20,165	20,212	20,551	21,099	20,023	19,923	20,891	21,682
Private								
Construction	19,938	22,287	25,179	25,918	27,065	28,620	29,529	31,775
Manufacturing	16,740	18,030	19,806	20,747	22,475	24,513	26,232	28,302
Transportation/Comm./Pub. Util.	22,514	24,577	26,678	28,730	28,485	30,219	30,148	32,232
Wholesale Trade	19,191	20,527	22,307	23,232	24,863	27,721	28,752	30,137
Retail Trade	8,910	9,509	9,894	10,559	12,044	11,968	12,954	14,060
Finance	18,396	19,733	21,879	24,507	26,632	28,976	32,191	35,651
Services	13,422	15,056	16,712	17,805	18,982	20,203	21,977	23,745

Boston Metropolitan Area	1980	1981	1982	1983	1984	1985	1986	1987
All	14,800	16,200	17,600	18,700	19,945	21,355	22,808	24,486
Government								
Federal	20,400	22,500	24,000	25,200	25,902	26,862	27,219	27,667
State	14,300	15,300	17,800	18,900	21,409	23,600	25,012	26,749
Local	16,100	17,300	18,300	19,300	19,581	20,324	21,620	22,629
Private								
Construction	18,200	20,195	22,200	23,500	24,186	25,349	26,900	28,807
Manufacturing	18,000	19,700	21,600	23,100	25,755	26,643	28,528	30,263
Transportation/Comm./Pub. Util.	20,000	22,000	23,600	25,350	25,541	26,890	27,175	29,029
Wholesale Trade	19,100	20,600	22,200	23,400	25,122	27,412	28,825	31,066
Retail Trade	8,300	8,900	9,400	10,100	10,973	11,586	12,516	13,615
Finance	16,400	17,700	19,500	21,600	23,380	25,457	27,883	30,551
Services	13,000	14,600	16,100	17,100	17,631	19,449	21,285	22,965

Massachusetts	1980	1981	1982	1983	1984	1985	1986	1987
All	13,800	15,100	16,300	17,343	18,418	19,612	20,909	22,458
Government								
Federal	19,200	21,400	22,900	23,921	24,998	25,687	25,891	26,318
State	14,000	15,000	17,100	18,610	20,937	23,350	24,635	26,535
Local	14,400	15,400	16,500	17,500	18,034	18,981	20,225	21,270
Private								
Construction	16,800	18,600	20,200	21,032	22,096	23,153	24,519	26,611
Manufacturing	16,400	18,000	19,700	21,065	22,580	24,212	25,887	27,337
Transportation/Comm./Pub. Util.	18,700	20,600	22,000	23,424	23,824	25,062	25,507	26,968
Wholesale Trade	18,100	19,400	20,900	22,121	23,748	25,641	27,065	29,325
Retail Trade	7,800	8,400	8,800	9,442	10,155	10,715	11,567	12,630
Finance	15,200	16,500	18,100	19,930	21,422	23,336	25,543	27,913
Services	11,900	13,300	14,600	15,540	16,438	17,640	19,232	20,879

Source: Mass. Department of Employment and Training, ES-202 series.

Table 2. Ratio of Average Annual Wage by Industry, 1980-1987

Boston City to Boston Metro Area

	1980	1981	1982	1983	1984	1985	1986	1987
All Industries	1.07	1.06	1.07	1.07	1.07	1.06	1.07	1.07
Government								
Federal	0.99	1.02	1.02	1.02	1.05	1.06	1.05	1.05
State	1.05	1.04	1.06	1.06	1.05	1.05	1.05	1.04
Local	1.25	1.17	1.12	1.09	1.02	0.98	0.97	0.96
Private								
Construction	1.10	1.10	1.13	1.10	1.12	1.13	1.10	1.10
Manufacturing	0.93	0.92	0.92	0.90	0.87	0.92	0.92	0.94
Transportation/Comm./Pub. Util.	1.13	1.12	1.13	1.13	1.12	1.12	1.11	1.11
Wholesale Trade	1.00	1.00	1.00	0.99	0.99	1.01	1.00	0.97
Retail Trade	1.07	1.07	1.05	1.05	1.10	1.03	1.03	1.03
Finance	1.12	1.11	1.12	1.13	1.14	1.14	1.15	1.17
Services	1.03	1.03	1.04	1.04	1.08	1.04	1.03	1.03

Boston City to Massachusetts

	1980	1981	1982	1983	1984	1985	1986	1987
All Industries	1.15	1.14	1.15	1.16	1.16	1.16	1.16	1.17
Government								
Federal	1.05	1.07	1.07	1.08	1.09	1.11	1.10	1.10
State	1.07	1.06	1.11	1.08	1.08	1.06	1.06	1.05
Local	1.40	1.31	1.25	1.21	1.11	1.05	1.03	1.02
Private								
Construction	1.19	1.20	1.25	1.23	1.22	1.24	1.20	1.19
Manufacturing	1.02	1.00	1.01	0.98	1.00	1.01	1.01	1.04
Transportation/Comm./Pub. Util.	1.20	1.19	1.21	1.23	1.20	1.21	1.18	1.20
Wholesale Trade	1.06	1.06	1.07	1.05	1.05	1.08	1.06	1.03
Retail Trade	1.14	1.13	1.12	1.12	1.19	1.12	1.12	1.11
Finance	1.21	1.20	1.21	1.23	1.24	1.24	1.26	1.28
Services	1.13	1.13	1.14	1.15	1.15	1.15	1.14	1.14

Source: Mass. Department of Employment Training, ES-202 series.

Table 3. Average Annual Wage by Major Industry,
Boston, the Metro Area and the State, 1980-1987

(In Constant 1987 Dollars)

City of Boston	1980	1981	1982	1983	1984	1985	1986	1987
All	22,474	21,998	23,138	23,460	23,838	24,311	25,277	26,240
Government								
Federal	28,578	29,253	30,233	30,101	30,500	30,409	29,671	28,981
State	21,286	20,362	23,297	23,474	25,254	26,444	27,263	27,825
Local	28,634	25,871	25,278	24,686	22,426	21,318	21,727	21,682
Private								
Construction	28,312	28,527	30,970	30,324	30,313	30,623	30,710	31,775
Manufacturing	23,771	23,078	24,361	24,274	25,172	26,229	27,281	28,302
Transportation/Comm./Pub. Util.	31,970	31,459	32,814	33,614	31,903	32,334	31,354	32,233
Wholesale Trade	27,251	26,275	27,438	27,181	27,847	29,661	29,902	30,137
Retail Trade	12,652	12,172	12,170	12,354	13,489	12,806	13,472	14,066
Finance	26,122	25,258	26,911	28,673	29,828	31,004	33,479	35,651
Services	19,059	19,272	20,556	20,832	21,260	21,617	22,856	23,745

Boston Metropolitan Area	1980	1981	1982	1983	1984	1985	1986	1987
All	21,016	20,736	21,648	21,879	22,338	22,850	23,720	24,488
Government								
Federal	28,968	28,800	29,520	29,484	29,010	28,742	28,308	27,666
State	20,306	19,584	21,894	22,113	23,978	25,252	26,012	26,748
Local	22,862	22,144	22,509	22,581	21,931	21,747	22,485	22,628
Private								
Construction	25,844	25,850	27,306	27,495	27,088	27,123	27,976	28,800
Manufacturing	25,560	25,216	26,568	27,027	28,846	28,508	29,669	30,268
Transportation/Comm./Pub. Util.	28,400	28,160	29,028	29,660	28,606	28,772	28,262	29,020
Wholesale Trade	27,122	26,368	27,306	27,378	28,137	29,331	29,978	31,060
Retail Trade	11,786	11,392	11,562	11,817	12,290	12,397	13,017	13,618
Finance	23,288	22,656	23,985	25,272	26,186	27,239	28,998	30,558
Services	18,460	18,688	19,803	20,007	19,747	20,810	22,136	22,966

Massachusetts	1980	1981	1982	1983	1984	1985	1986	1987
All	19,596	19,328	20,049	20,291	20,628	20,985	21,745	22,458
Government								
Federal	27,264	27,392	28,167	27,988	27,998	27,485	26,927	26,318
State	19,880	19,200	21,033	21,774	23,449	24,985	25,620	26,538
Local	20,448	19,712	20,295	20,475	20,198	20,310	21,034	21,278
Private								
Construction	23,856	23,808	24,846	24,607	24,748	24,774	25,500	26,618
Manufacturing	23,288	23,040	24,231	24,646	25,290	25,907	26,922	27,338
Transportation/Comm./Pub. Util.	26,554	26,368	27,060	27,406	26,683	26,816	26,527	26,968
Wholesale Trade	25,702	24,832	25,707	25,882	26,598	27,436	28,148	29,328
Retail Trade	11,076	10,752	10,824	11,047	11,374	11,465	12,030	12,638
Finance	21,584	21,120	22,263	23,318	23,993	24,970	26,565	27,918
Services	16,898	17,024	17,958	18,182	18,411	18,875	20,001	20,878